

REVENUE DEPARTMENT[701]

Adopted and Filed

Rule making related to forms and communications

The Revenue Department hereby amends Chapter 8, “Forms and Communications,” Iowa Administrative Code.

Legal Authority for Rule Making

This rule making is adopted under the authority provided in Iowa Code sections 422.14, 422.15, 422.16B, 422.36, 422.37 and 422.62.

State or Federal Law Implemented

This rule making implements, in whole or in part, Iowa Code sections 422.14, 422.15, 422.16B, 422.36, 422.37 and 422.62.

Purpose and Summary

This amendment adds a new method for the Department to provide relief from the requirement that certain taxpayers file Iowa income tax returns electronically. The existing subrule offers relief only when a taxpayer requests it for good cause, and the subrule specifies that inadequate return preparation software would never be considered good cause. The Department has since encountered a scenario in which a legal requirement changed and required an update to forms after the electronic tax forms had been developed for the year. As a result of this change to the forms, no software provider will be able to offer an electronic version of the affected form that reflects the change. This amendment allows the Department to provide blanket relief from the electronic filing requirement to taxpayers who are required to use the affected form, either by providing an exception in the instructions for obtaining relief on the affected form itself or by the issuance of an order by the Director granting such relief.

Public Comment and Changes to Rule Making

Notice of Intended Action for this rule making was published in the Iowa Administrative Bulletin on February 22, 2023, as **ARC 6922C**. No public comments were received. No changes from the Notice have been made.

Adoption of Rule Making

This rule making was adopted by the Department on March 29, 2023.

Fiscal Impact

This rule making has no fiscal impact to the State of Iowa.

Jobs Impact

After analysis and review of this rule making, no impact on jobs has been found.

Waivers

Any person who believes that the application of the discretionary provisions of this rule making would result in hardship or injustice to that person may petition the Department for a waiver of the discretionary provisions, if any, pursuant to rule 701—7.28(17A).

Review by Administrative Rules Review Committee

The Administrative Rules Review Committee, a bipartisan legislative committee which oversees rule making by executive branch agencies, may, on its own motion or on written request by any individual or group, review this rule making at its [regular monthly meeting](#) or at a special meeting. The Committee's meetings are open to the public, and interested persons may be heard as provided in Iowa Code section 17A.8(6).

Effective Date

This rule making will become effective on May 24, 2023.

The following rule-making action is adopted:

Amend subrule 8.7(5) as follows:

8.7(5) Exceptions. At the department's discretion, exceptions to the electronic filing requirement under this rule may be granted for good cause. The taxpayer bears the burden to prove that good cause exists for the failure to file electronically. A Except as provided in paragraph 8.7(5) "b," a claim that the return preparation software purchased or licensed by a taxpayer or taxpayer's return preparer does not include all of the features necessary to comply with the taxpayer's Iowa filing obligations shall not be considered good cause for purposes of granting an exception to the electronic filing requirement.

a. No change.

b. Special relief provided by the department. The department may, at its discretion, offer a good-cause exception to the electronic filing requirement for filers of a specific return type or form for a specific filing period by providing such an exception in the instructions for that return type or form or by an order issued by the director. Taxpayers must comply with all instructions provided by the department in order to qualify for relief.

b- c. Temporary one-time relief. For tax years ending on or before December 31, 2023, if the department determines a taxpayer that filed a paper return was required to file in an electronic manner as provided in this rule, the department will notify the taxpayer in writing of the requirements of this rule. If the taxpayer properly files in an electronic manner within 30 days of the date of the notification under this paragraph, the department shall grant an exception to the requirements of this rule and deem the originally filed paper return a valid return. A taxpayer shall only be granted the benefit of this paragraph for one eligible return.

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EDITOR'S NOTE: For replacement pages for IAC, see IAC Supplement 4/19/23.